

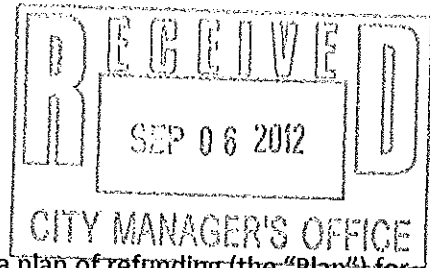


STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
OFFICE OF STATE AND LOCAL FINANCE  
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7872  
FAX (615) 741-5986

August 30, 2012

Honorable Mike Werner, Mayor  
City of Gatlinburg  
P.O. Box 5  
Gatlinburg, TN 37738

Dear Mayor Werner:



This letter acknowledges receipt on August 29, 2012, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed \$7,600,000 General Obligation Refunding Bonds, Series 2012 (the "2012 Bonds"). The 2012 Bonds will advance refund by competitive sale, an estimated \$1,655,000 General Obligation Bonds, Series 2005 (the "2005 Bonds"); \$3,100,000 General Obligation Bonds, Series 2006 (the "2006 Bonds"), and \$2,375,000 General Obligation Bonds, Series 2006B (the "2006B Bonds"). The 2005 Bonds, 2006 Bonds, and the 2006B Bonds are collectively the "Refunded Bonds."

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the City. The information presented in the Plan includes the assertions of the City and may not reflect either current market conditions or market conditions at the time of sale.

**City's Proposed Refunding Objective**

The 2012 Bonds are being issued for debt service savings. The Plan estimates net present value savings of \$394,338 or 5.53% of the refunded principal.

**Compliance with the City's Debt Management Policy**

The City provided a copy of its debt management policy. When the City submits Form CT-0253 within 45 days of issuance of the debt approved in this letter, the City must describe, in specifics, how the debt complies with its Debt Policy. If a copy of the Policy has already been filed with the Office, the City does not have to resubmit a copy of the Policy if it is the current version of the policy.

The Municipal Securities Rule Making Board (MSRB) has released guidance that may impact the City's Policy and may require amendment of the Policy.

## **Report of the Review of a Plan of Refunding**

Distribute this letter and the enclosed report of the review of the Plan to the members of the Board of Mayor and Aldermen as required by Tennessee Code Annotated Section 9-21-903.

This letter, report, and the Plan are to be placed on the City's website. The same report is to be provided to each member of the Board of Mayor and Aldermen and reviewed at the Public Meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.

This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel.

*This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office, at that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.*

*We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.*

## **MSRB Rule G-17**

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the City in the conduct of its municipal securities or municipal advisory activities. MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities was approved by the Securities and Exchange Commission on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

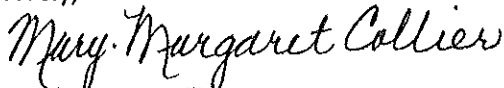
To learn more about the obligations the City's underwriter (if applicable) and municipal advisor have to do, based on these duties, please read the information posted on the MSRB website: [www.msrb.org](http://www.msrb.org).

#### **Public Debt Entity Report**

Enclosed is a revised Form CT-0253 - Report on Debt Obligation. The Form CT-0253 must be filed with the governing body of the public entity issuing the debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance either by mail to the address on this letterhead or by email to the address below. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

[StateandLocalFinance.PublicDebtForm@cot.tn.gov](mailto:StateandLocalFinance.PublicDebtForm@cot.tn.gov)

Sincerely,



Mary-Margaret Collier

Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT  
Ms. Cindy Ogle, Gatlinburg, TN  
Mr. Joseph Ayres, Cumberland Securities Company, Inc.  
Mr. Mark Mamantov, Bass, Berry & Sims PLC

Enclosures (2): Report of the Director of the Office of State & Local Finance, State Form CT-0253, Report on Debt Obligation.

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE  
CITY OF GATLINBURG, TENNESSEE  
CONCERNING THE PROPOSED ISSUANCE OF ITS  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012**

City of Gatlinburg (the "City") submitted a plan of refunding (the "Plan"), as required by Tennessee Code Annotated Section 9-21-903 regarding the issuance of not to exceed \$7,600,000 General Obligation Refunding Bonds, Series 2012 (the "2012 Bonds"). The 2012 Bonds will advance refund by competitive sale, an estimated \$1,655,000 General Obligation Bonds, Series 2005 (the "2005 Bonds"); \$3,100,000 General Obligation Bonds, Series 2006 (the "2006 Bonds"), and \$2,375,000 General Obligation Bonds, Series 2006B (the "2006B Bonds"). The 2005 Bonds, 2006 Bonds, and the 2006B Bonds are collectively the "Refunded Bonds."

The Plan was prepared with the assistance of the City's Financial Advisor, Cumberland Securities Company, Inc. The City provided a copy of its debt management policy.

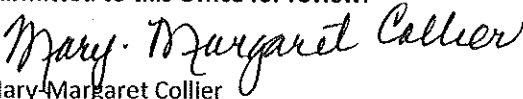
**Refunding Analysis**

- The results for the refunding are based on the assumption that the estimated \$7,395,000 2012 Bonds will be sold by competitive sale and priced at a par.
- Estimated net present value savings is \$394,338 or 5.53% of the refunded principal (see page 1 of the Plan).
- The savings are achieved by reducing the combined average coupon of the Refunded Bonds from 3.74% to 1.76% for the 2012 Bonds (see pages 1 and 11 of the Plan).
- The proposed 2012 Bonds do not extend the maturity schedule of the Refunded Bonds.
- Estimated cost of issuance of the 2012 Bonds is \$133,539 or \$18.06 per \$1,000 of par amount for the 2012 Bonds. Included in the cost of issuance is an estimated Underwriter's Discount of \$51,765 (see page 4 of the Plan).

The County has identified Cumberland Securities Company Inc. as its financial advisor. Financial Advisors have a fiduciary responsibility to you, the Issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

This report does not provide broad approval to refund the Refunded Bonds in a bond issue other than the proposed 2012 Bonds. If all of the Refunded Bonds are not refunded as a part of the 2012 Bonds, then a new plan will have to be submitted to this Office for review.

  
Mary Margaret Collier

Director of the Office of State and Local Finance

Date: August 30, 2012

## **Plan of Refunding – Gatlinburg, Tennessee**

**A) Identification of Key Professionals (including financial advisors, bond counsel, underwriters, or lenders) who have provided advice or proposals on which the Entity relied to prepare the Plan):**

1. Financial Advisor: Cumberland Securities Company, Inc.
2. Bond Counsel: Bass, Berry & Sims
3. Underwriter: To be determined at Competitive Public Sale

**B) Purpose(s) of Refunding, including parameters:**

1. **Cost Savings:** Include a projection of the savings and amortization schedules for both refunding and refunded debt:
  - a. The City of Gatlinburg, TN (the "City") anticipates net present savings of \$394,337.56 or 5.531%. See page 1 of the "Preliminary Refunding Analysis" attached to this report.
2. **Restructuring:** provide a comparison of existing and proposed structures, describing why debt is being restructured:
  - a. N/A
3. **Covenant change:** Clearly describe covenant to be eliminated or revised and any change in the structure:
  - a. N/A
4. **Reduction or elimination of risk:** describe risk to be reduced or eliminated:
  - a. N/A

**C) Statement that the proposed refunding complies with the Entity's adopted debt management policy and a description of how the transaction is consistent with the policy, including any savings threshold. If there is no adopted policy or the transaction is not consistent, the Entity shall provide a detailed explanation.**

1. The proposed refunding is in compliance with the City's adopted debt management policy since the proposed fixed rate bond issuance is designed to achieve savings for the City and also meets the 3% savings threshold for an advanced refunding.

**D) Other Information**

1. **Amortization schedules for both (proposed) refunding and (outstanding) debt to be refunded,**
  - a. Proposed refunding debt schedule: See attached page 1 of the Preliminary Refunding Analysis
  - b. Outstanding debt schedule(s): See attached pages 7 to 11 of the Preliminary Refunding Analysis

As well as the following:

2. **Refunding Debt:**
  - a. Maximum size to be authorized by the governing body, identifying all outstanding debt that could be included in the refunding:
    - i. Maximum size authorized by governing body = \$7,600,000.
  - b. Anticipated Size = \$7,395,000

- c. Anticipated final maturity and weighted average maturity. If the final maturity is extended beyond the fiscal year of final maturity of debt to be refunded or the weighted average maturity is increased, list the projects as required below for refunded debt:
    - i. Final Maturity = 5/1/2022
    - ii. Weighted Average Maturity = 4.854 Years
  - d. Breakdown of Costs of Issuance  
See attached page 6 of the Preliminary Refunding Analysis
  - e. Sources and Uses of Funds  
See attached page 5 of the Preliminary Refunding Analysis
- 3. Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).
  - a. Name of Issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.
    - i. General Obligation Bonds, Series 2005 (the "Series 2005 Bonds"). The Series 2005 Bonds are tax-exempt, fixed-rate debt, with a maturity on May 1, 2020.
  - b. Date of Issue and copy of CT-0253 filed.
    - i. Date of Issue = 11/10/2005. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the issuance of the Series 2005 Bonds.
  - c. Date of authorization by the governing body.
    - i. 10/04/2005
  - d. Whether bank-qualified or under other small issuer exception.
    - i. Yes.
  - e. Projects funded with proceeds of Issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended).
    - i. The purpose of the Series 2005 Bonds was to provide funds for: (i) the construction, repair, renovation and improvement of the utility system in and for the Municipality; (ii) the construction, repair, renovation and paving of roads, streets, bridges, parking, sidewalks and other public infrastructure; and (iii) the payment of capitalized interest for such purposes; and (iv) to pay legal, fiscal, administrative, architectural and engineering costs incident to the issuance and sale of the Bonds.
  - f. Derivative product, if any, and copy of Report of Compliance: None
- 4. Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).
  - a. Name of Issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.
    - i. General Obligation Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2006 Bonds are tax-exempt, fixed-rate debt, with a maturity on May 1, 2021.
  - b. Date of issue and copy of CT-0253 filed.

- I. Date of Issue = 03/01/2006. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the Issuance of the Series 2006 Bonds.
      - c. Date of authorization by the governing body.
        - I. 10/04/2005
      - d. Whether bank-qualified or under other small Issuer exception.
        - I. Yes.
      - e. Projects funded with proceeds of issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended).
        - I. The purpose of the Series 2006 Bonds was to provide funds for: (i) the construction, repair, renovation and improvement of the utility system in and for the Municipality; (ii) the construction, repair, renovation and paving of roads, streets, bridges, parking, sidewalks and other public infrastructure; and (iii) the payment of capitalized interest for such purposes; and (iv) to pay legal, fiscal, administrative, architectural and engineering costs incident to the issuance and sale of the Bonds.
      - f. Derivative product, if any, and copy of Report of Compliance: None
- 5. Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).
  - a. Name of Issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.
    - I. General Obligation Bonds, Series 2006B (the "Series 2006B Bonds"). The Series 2006B Bonds are tax-exempt, fixed-rate debt, with a maturity on May 1, 2022.
  - b. Date of Issue and copy of CT-0253 filed.
    - I. Date of Issue = 11/30/2006. The CT-0253 Form was filed with the Office of State and Local Finance in connection with the Issuance of the Series 2006B Bonds.
  - c. Date of authorization by the governing body.
    - I. 10/17/2006
  - d. Whether bank-qualified or under other small Issuer exception.
    - I. Yes.
  - e. Projects funded with proceeds of issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended).
    - I. The purpose of the Series 2006B Bonds was to provide funds for: (i) the construction, extension, repair, renovation and improvement of the water and sewer system in and for the Municipality, (ii) the construction, equipping, repair, renovation and paving of roads, streets, bridges, parking, sidewalks, golf course club house, and other public infrastructure, and (iii) the payment of capitalized interest for such purposes and legal, fiscal, administrative, architectural and engineering costs incident to the issuance and sale of the Bonds.
  - f. Derivative product, if any, and copy of Report of Compliance: None

# CITY OF GATLINBURG, TENNESSEE

## Preliminary Refunding Analysis

August 21, 2012

Prepared By:

CUMBERLAND SECURITIES COMPANY, INC

Independent Financial Advisors

813 S. Northshore Drive, Suite 201A

Knoxville, Tennessee 37919

Telephone: (865) 988-2663

Facsimile: (865) 988-1863



**\$7,395,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**

**Estimated Savings Analysis**

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S	Savings
06/30/2013	665,000.00	0.800%	54,798.75	719,798.75	761,461.25	41,662.50
06/30/2014	750,000.00	0.900%	104,277.50	854,277.50	900,342.50	46,065.00
06/30/2015	760,000.00	1.000%	97,527.50	857,527.50	902,057.50	44,530.00
06/30/2016	785,000.00	1.100%	89,927.50	874,927.50	917,647.50	42,720.00
06/30/2017	800,000.00	1.300%	81,292.50	881,292.50	926,572.50	45,280.00
06/30/2018	815,000.00	1.550%	70,892.50	885,892.50	928,740.00	42,847.50
06/30/2019	830,000.00	1.800%	58,260.00	888,260.00	934,410.00	46,150.00
06/30/2020	855,000.00	2.050%	43,320.00	898,320.00	938,367.50	40,047.50
06/30/2021	880,000.00	2.250%	25,792.50	905,792.50	945,585.00	39,792.50
06/30/2022	255,000.00	2.350%	5,992.50	260,992.50	306,210.00	45,217.50
<b>Total</b>	<b>\$7,395,000.00</b>	<b>-</b>	<b>\$632,081.25</b>	<b>\$8,027,081.25</b>	<b>\$8,461,393.75</b>	<b>\$434,312.50</b>

**Present Value Assumptions**

Net Present Value Benefit.....	\$394,337.56
Net PV Benefit / \$7,130,000 Refunded Principal.....	5.531%

**Date And Term Structure**

Dated.....	11/01/2012
First Coupon Date.....	5/01/2013
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	5/01/2013

**Yield Statistics**

Bond Yield for Arbitrage Purposes.....	1.7522218%
Average Coupon.....	1.7607946%
Average Life.....	4.854 Years
Bond Year Dollars.....	\$35,897.50

**\$6,355,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**  
**CIP Portion**

**Estimated Savings Analysis**

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S	Savings
06/30/2013	585,000.00	0.800%	46,698.75	631,698.75	668,262.50	36,563.75
06/30/2014	655,000.00	0.900%	88,717.50	743,717.50	781,570.00	37,852.50
06/30/2015	665,000.00	1.000%	82,822.50	747,822.50	786,260.00	38,437.50
06/30/2016	675,000.00	1.100%	76,172.50	751,172.50	789,825.00	38,652.50
06/30/2017	695,000.00	1.300%	68,747.50	763,747.50	802,250.00	38,502.50
06/30/2018	710,000.00	1.550%	59,712.50	769,712.50	808,017.50	38,305.00
06/30/2019	725,000.00	1.800%	48,707.50	773,707.50	812,337.50	38,630.00
06/30/2020	745,000.00	2.050%	35,657.50	780,657.50	815,180.00	34,522.50
06/30/2021	765,000.00	2.250%	20,385.00	785,385.00	821,522.50	36,137.50
06/30/2022	135,000.00	2.350%	3,172.50	138,172.50	176,460.00	38,287.50
<b>Total</b>	<b>\$6,355,000.00</b>	<b>-</b>	<b>\$530,793.75</b>	<b>\$6,885,793.75</b>	<b>\$7,261,685.00</b>	<b>\$375,891.25</b>

**Present Value Assumptions**

Net Present Value Benefit.....	\$347,239.85
Net PV Benefit / \$6,130,000 Refunded Principal.....	5.665%

**Date And Term Structure**

Dated.....	11/01/2012
First Coupon Date.....	5/01/2013
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	5/01/2013

**Yield Statistics**

Bond Yield for Arbitrage Purposes.....	1.7522218%
Average Coupon.....	1.7450275%
Average Life.....	4.786 Years
Bond Year Dollars.....	\$30,417.50

**\$1,040,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**  
**Water Portion**

**Estimated Savings Analysis**

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S	Savings
06/30/2013	80,000.00	0.800%	8,100.00	88,100.00	93,198.75	5,098.75
06/30/2014	95,000.00	0.900%	15,560.00	110,560.00	118,772.50	8,212.50
06/30/2015	95,000.00	1.000%	14,705.00	109,705.00	115,797.50	6,092.50
06/30/2016	110,000.00	1.100%	13,755.00	123,755.00	127,822.50	4,067.50
06/30/2017	105,000.00	1.300%	12,545.00	117,545.00	124,322.50	6,777.50
06/30/2018	105,000.00	1.550%	11,180.00	116,180.00	120,722.50	4,542.50
06/30/2019	105,000.00	1.800%	9,552.50	114,552.50	122,072.50	7,520.00
06/30/2020	110,000.00	2.050%	7,662.50	117,662.50	123,187.50	5,525.00
06/30/2021	115,000.00	2.250%	5,407.50	120,407.50	124,062.50	3,655.00
06/30/2022	120,000.00	2.350%	2,820.00	122,820.00	129,750.00	6,930.00
<b>Total</b>	<b>\$1,040,000.00</b>	<b>-</b>	<b>\$101,287.50</b>	<b>\$1,141,287.50</b>	<b>\$1,199,708.75</b>	<b>\$58,421.25</b>

**Present Value Assumptions**

Net Present Value Benefit.....	\$54,051.08
Net PV Benefit / \$1,000,000 Refunded Principal.....	5.405%

**Date And Term Structure**

Dated.....	11/01/2012
First Coupon Date.....	5/01/2013
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	5/01/2013

**Yield Statistics**

Bond Yield for Arbitrage Purposes.....	1.7522218%
Average Coupon.....	1.8483120%
Average Life.....	5.269 Years
Bond Year Dollars.....	\$5,480.00

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**\$7,395,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**

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**Estimated Sources & Uses**

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Dated 11/01/2012 | Delivered 11/01/2012

**Estimated Sources Of Funds**

Par Amount of Bonds..... \$7,395,000.00

**Estimated Total Sources..... \$7,395,000.00**

**Estimated Uses Of Funds**

Estimated Total Underwriter's Discount (Final Discount determined when bids are calculated\*)..... 51,765.00

Estimated Maximum Costs of Issuance..... 81,773.75

Deposit to Net Cash Escrow Fund..... 7,261,461.25

**Estimated Total Uses..... \$7,395,000.00**

\* Bids are award based on the lowest True Interest Cost (TIC).

True Interest Cost is a method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Purchase price is affected by the amount of underwriter's discount the buyer utilizes.

**\$7,395,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**

**Escrow Fund Cashflow**

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
05/01/2013	7,261,460.00	-	7,261,461.25	7,261,461.25	-
Total	\$7,261,460.00	-	\$7,261,461.25	\$7,261,461.25	-

**Investment Parameters**

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	1.25
Cost of Investments Purchased with Bond Proceeds.....	7,261,460.00
Total Cost of Investments.....	\$7,261,461.25
Target Cost of Investments at bond yield.....	\$7,198,395.32
Actual positive or (negative) arbitrage.....	(63,065.93)
Yield to Receipt.....	-1.64E-10
Yield for Arbitrage Purposes.....	1.7522218%
State and Local Government Series (SLGS) rates for.....	2/09/2012

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**\$7,395,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Refunding Bonds, Series 2012**

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**Estimated Detail Costs Of Issuance**

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Dated 11/01/2012 | Delivered 11/01/2012

**ESTIMATED COSTS OF ISSUANCE DETAIL**

Financial Advisor.....	\$36,975.00
Bond Counsel.....	\$12,500.00
Local Counsel.....	\$1,500.00
Trustee Origination.....	\$1,250.00
Rating Agency Fee.....	\$11,500.00
POS/Official Statement.....	\$7,500.00
Advertising.....	\$1,400.00
Miscellaneous.....	\$9,148.75
<b>TOTAL.....</b>	<b>\$81,773.75</b>

**\$2,790,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Bonds, Series 2005**

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2013	1,655,000.00	30,866.25	1,685,866.25	180,000.00	3.500%	30,866.25	210,866.25
11/01/2013	-	-	-	-	-	27,716.25	27,716.25
05/01/2014	-	-	-	185,000.00	3.600%	27,716.25	212,716.25
11/01/2014	-	-	-	-	-	24,386.25	24,386.25
05/01/2015	-	-	-	195,000.00	3.650%	24,386.25	219,386.25
11/01/2015	-	-	-	-	-	20,827.50	20,827.50
05/01/2016	-	-	-	200,000.00	3.700%	20,827.50	220,827.50
11/01/2016	-	-	-	-	-	17,127.50	17,127.50
05/01/2017	-	-	-	210,000.00	3.750%	17,127.50	227,127.50
11/01/2017	-	-	-	-	-	13,190.00	13,190.00
05/01/2018	-	-	-	220,000.00	3.800%	13,190.00	233,190.00
11/01/2018	-	-	-	-	-	9,010.00	9,010.00
05/01/2019	-	-	-	230,000.00	3.850%	9,010.00	239,010.00
11/01/2019	-	-	-	-	-	4,582.50	4,582.50
05/01/2020	-	-	-	235,000.00	3.900%	4,582.50	239,582.50
<b>Total</b>	<b>\$1,655,000.00</b>	<b>\$30,866.25</b>	<b>\$1,685,866.25</b>	<b>\$1,655,000.00</b>	<b>-</b>	<b>\$264,546.25</b>	<b>\$1,919,546.25</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/01/2012
Average Life.....	4.210 Years
Average Coupon.....	3.7968604%
Weighted Average Maturity (Par Basis).....	4.210 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/01/2012
Refunding Delivery Date.....	11/01/2012

**\$4,580,000**  
**City of Gatlinburg, Tennessee**  
**General Obligation Bonds, Series 2006**

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2013	3,100,000.00	57,367.50	3,157,367.50	265,000.00	3.700%	57,367.50	322,367.50
11/01/2013	-	-	-	-	-	52,465.00	52,465.00
05/01/2014	-	-	-	275,000.00	3.500%	52,465.00	327,465.00
11/01/2014	-	-	-	-	-	47,652.50	47,652.50
05/01/2015	-	-	-	285,000.00	3.550%	47,652.50	332,652.50
11/01/2015	-	-	-	-	-	42,593.75	42,593.75
05/01/2016	-	-	-	300,000.00	3.600%	42,593.75	342,593.75
11/01/2016	-	-	-	-	-	37,193.75	37,193.75
05/01/2017	-	-	-	315,000.00	3.650%	37,193.75	352,193.75
11/01/2017	-	-	-	-	-	31,445.00	31,445.00
05/01/2018	-	-	-	330,000.00	3.700%	31,445.00	361,445.00
11/01/2018	-	-	-	-	-	25,340.00	25,340.00
05/01/2019	-	-	-	345,000.00	3.750%	25,340.00	370,340.00
11/01/2019	-	-	-	-	-	18,871.25	18,871.25
05/01/2020	-	-	-	360,000.00	3.800%	18,871.25	378,871.25
11/01/2020	-	-	-	-	-	12,031.25	12,031.25
05/01/2021	-	-	-	625,000.00	3.850%	12,031.25	637,031.25
Total	\$3,100,000.00	\$57,367.50	\$3,157,367.50	\$3,100,000.00	-	\$592,552.50	\$3,692,552.50

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/01/2012
Average Life.....	5.095 Years
Average Coupon.....	3.7515195%
Weighted Average Maturity (Par Basis).....	5.095 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/01/2012
Refunding Delivery Date.....	11/01/2012



**\$3,050,000 (\$1,850,000 Golf)**  
**City of Gatlinburg, Tennessee**  
**General Obligation Bonds, Series 2006B**  
**(Golf Portion)**

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2013	1,375,000.00	25,028.75	1,400,028.75	110,000.00	3.500%	25,028.75	135,028.75
11/01/2013	-	-	-	-	-	23,103.75	23,103.75
05/01/2014	-	-	-	115,000.00	3.500%	23,103.75	138,103.75
11/01/2014	-	-	-	-	-	21,091.25	21,091.25
05/01/2015	-	-	-	120,000.00	3.500%	21,091.25	141,091.25
11/01/2015	-	-	-	-	-	18,991.25	18,991.25
05/01/2016	-	-	-	125,000.00	3.500%	18,991.25	143,991.25
11/01/2016	-	-	-	-	-	16,803.75	16,803.75
05/01/2017	-	-	-	135,000.00	3.600%	16,803.75	151,803.75
11/01/2017	-	-	-	-	-	14,373.75	14,373.75
05/01/2018	-	-	-	140,000.00	3.650%	14,373.75	154,373.75
11/01/2018	-	-	-	-	-	11,818.75	11,818.75
05/01/2019	-	-	-	145,000.00	3.700%	11,818.75	156,818.75
11/01/2019	-	-	-	-	-	9,136.25	9,136.25
05/01/2020	-	-	-	155,000.00	3.750%	9,136.25	164,136.25
11/01/2020	-	-	-	-	-	6,230.00	6,230.00
05/01/2021	-	-	-	160,000.00	3.750%	6,230.00	166,230.00
11/01/2021	-	-	-	-	-	3,230.00	3,230.00
05/01/2022	-	-	-	170,000.00	3.800%	3,230.00	173,230.00
<b>Total</b>	<b>\$1,375,000.00</b>	<b>\$25,028.75</b>	<b>\$1,400,028.75</b>	<b>\$1,375,000.00</b>	<b>-</b>	<b>\$274,586.25</b>	<b>\$1,649,586.25</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/01/2012
Average Life.....	5.398 Years
Average Coupon.....	3.6993769%
Weighted Average Maturity (Par Basis).....	5.398 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/01/2012
Refunding Delivery Date.....	11/01/2012

**\$3,050,000 (\$1,200,000 Water)**  
**City of Gatlinburg, Tennessee**  
**General Obligation Bonds, Series 2006B**  
**(Water Portion)**

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
05/01/2013	1,000,000.00	18,198.75	1,018,198.75	75,000.00	3.500%	18,198.75	93,198.75
11/01/2013	-	-	-	-	-	16,886.25	16,886.25
05/01/2014	-	-	-	85,000.00	3.500%	16,886.25	101,886.25
11/01/2014	-	-	-	-	-	15,398.75	15,398.75
05/01/2015	-	-	-	85,000.00	3.500%	15,398.75	100,398.75
11/01/2015	-	-	-	-	-	13,911.25	13,911.25
05/01/2016	-	-	-	100,000.00	3.500%	13,911.25	113,911.25
11/01/2016	-	-	-	-	-	12,161.25	12,161.25
05/01/2017	-	-	-	100,000.00	3.600%	12,161.25	112,161.25
11/01/2017	-	-	-	-	-	10,361.25	10,361.25
05/01/2018	-	-	-	100,000.00	3.650%	10,361.25	110,361.25
11/01/2018	-	-	-	-	-	8,536.25	8,536.25
05/01/2019	-	-	-	105,000.00	3.700%	8,536.25	113,536.25
11/01/2019	-	-	-	-	-	6,593.75	6,593.75
05/01/2020	-	-	-	110,000.00	3.750%	6,593.75	116,593.75
11/01/2020	-	-	-	-	-	4,531.25	4,531.25
05/01/2021	-	-	-	115,000.00	3.750%	4,531.25	119,531.25
11/01/2021	-	-	-	-	-	2,375.00	2,375.00
05/01/2022	-	-	-	125,000.00	3.800%	2,375.00	127,375.00
<b>Total</b>	<b>\$1,000,000.00</b>	<b>\$18,198.75</b>	<b>\$1,018,198.75</b>	<b>\$1,000,000.00</b>	<b>-</b>	<b>\$199,708.75</b>	<b>\$1,199,708.75</b>

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/01/2012
Average Life.....	5.400 Years
Average Coupon.....	3.6983102%
Weighted Average Maturity (Par Basis).....	5.400 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/01/2012
Refunding Delivery Date.....	11/01/2012

**City of Gatlinburg, Tennessee**  
**Combined Call Report**

**Combined Debt Service To Maturity And To Call**

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
05/01/2013	7,130,000.00	131,461.25	7,261,461.25	630,000.00	131,461.25	761,461.25
11/01/2013	-	-	-	-	120,171.25	120,171.25
05/01/2014	-	-	-	660,000.00	120,171.25	780,171.25
11/01/2014	-	-	-	-	108,528.75	108,528.75
05/01/2015	-	-	-	685,000.00	108,528.75	793,528.75
11/01/2015	-	-	-	-	96,323.75	96,323.75
05/01/2016	-	-	-	725,000.00	96,323.75	821,323.75
11/01/2016	-	-	-	-	83,286.25	83,286.25
05/01/2017	-	-	-	760,000.00	83,286.25	843,286.25
11/01/2017	-	-	-	-	69,370.00	69,370.00
05/01/2018	-	-	-	790,000.00	69,370.00	859,370.00
11/01/2018	-	-	-	-	54,705.00	54,705.00
05/01/2019	-	-	-	825,000.00	54,705.00	879,705.00
11/01/2019	-	-	-	-	39,183.75	39,183.75
05/01/2020	-	-	-	860,000.00	39,183.75	899,183.75
11/01/2020	-	-	-	-	22,792.50	22,792.50
05/01/2021	-	-	-	900,000.00	22,792.50	922,792.50
11/01/2021	-	-	-	-	5,605.00	5,605.00
05/01/2022	-	-	-	295,000.00	5,605.00	300,605.00
Total	\$7,130,000.00	\$131,461.25	\$7,261,461.25	\$7,130,000.00	\$1,331,393.75	\$8,461,393.75

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/01/2012
Average Life.....	4.991 Years
Average Coupon.....	3.7414465%
Weighted Average Maturity (Par Basis).....	4.991 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/01/2012
Refunding Delivery Date.....	11/01/2012